

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**ADMINISTRATIVE RULE  
FISCAL IMPACT STATEMENT**

**PROPOSED RULE:** 02-207

**DATE PREPARED:** Nov 7, 2002

**STATE AGENCY:** Office of the Sec. of Family and Social Services

**DATE RECEIVED:** Oct 10, 2002

**FISCAL ANALYST:** Alan Gossard

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**Digest of Proposed Rule:** This rule amends 405 IAC 5-19-3 and 405 IAC 5-31-4 and adds 405 IAC 5-24-13 to add all legend and nonlegend water products, including, but not limited to, sterile water and saline, to the facility's per diem rate.

The effect of the rule change is to eliminate direct reimbursement to pharmacies for water products used by nursing facility residents. Instead, the reimbursement for these products will be part of the per diem rate paid to nursing facilities. Nursing facilities will purchase these products from pharmacies, and the nursing facility will then report that cost on their cost reports filed annually with the state.

**Governmental Entities:** *State Impact:* OMPP estimates that payments to pharmacies for these products will decrease by about \$3.5 M annually, in total state and federal dollars, and there will be a corresponding increase in payments to nursing facilities by about the same amount. Consequently, the aggregate impact to the state is estimated to be approximately neutral, with a possibility of a slight reduction in aggregate expenditures to reflect more efficient utilization of water products.

This rule places no unfunded mandates upon state government.

*Local Impact:* Currently, there are six county-owned nursing facilities that would be subject to this rule change. Cost reporting is already a requirement for nursing facilities. Consequently, this rule places no unfunded mandates upon any local government unit.

**Regulated Entities:** Cost reporting is already a requirement for nursing facilities. Consequently, reporting this additional item should not significantly impact facilities.

**Information Sources:** Evelyn Murphy, OMPP, (317) 233-6467.